



COMMONWEALTH OF PENNSYLVANIA  
OFFICE OF THE GOVERNOR  
HARRISBURG

July 9, 2013

TO THE HONORABLE GENERAL ASSEMBLY OF  
THE COMMONWEALTH OF PENNSYLVANIA:

Today I signed Senate Bill 259, which amends Act 60 of 1979, commonly referred to as the Guaranteed Minimum Royalty Act. This legislation provides enhanced transparency to owners of oil and gas interests by requiring, at a minimum, that certain information which pertains to the payment for oil or gas production be disclosed on a royalty check stub or other means provided to the interest owner on a regular basis. These are important steps to better inform landowners and leaseholders regarding the production occurring from their property.

I am aware of several questions and concerns which have been raised with regard to Section 4 of Senate Bill 259, which added a new Section 2.1 to the underlying statute. By signing this legislation, it is my intention, and I believe that of the General Assembly, to enhance the efficient development of oil and natural gas while safeguarding the rights and protections of landowners and leaseholders. It is not my intention to alter or affect the common-law Rule of Apportionment, or to alter or affect the agreed-to terms of any existing lease. I believe the Pennsylvania constitutional protections which guard against legislative impairment of contracts serves as an added backstop to these concerns.

Moreover, I do not believe anything in Senate Bill 259 expands the ability of an oil or gas operator to define the size of a drilling unit, or to expand the ability of any operator to hold by production any parcels of leased land. Instead, the legal clarity provided by this legislation will further minimize environmental impacts and surface disturbance associated with oil or gas development; maximize the economic benefits of royalties realized by landowners and leaseholders; expand the number of royalty owners in the Commonwealth by encouraging the efficient development of oil and gas resources; and ensure that landowners and leaseholders are compensated fairly.

I look forward to working with members of the General Assembly on additional, future steps to ensure that the interests of landowners are paramount.

Sincerely,

A handwritten signature in black ink, reading "Tom Corbett".

TOM CORBETT  
Governor